

THE FUTURE OF THE NEWSPAPER INDUSTRY IN MALAYSIA IN THE ERA OF GLOBAL MEDIA AND GLOBAL CULTURE

Mohamed Hashim bin Ahmad Makaruddin

Utusan Melayu (Malaysia) Berhad

Introduction

This year 2005, marks the 400th year since the first newspaper in the world was published in Strasbourg, Germany. The weekly newspaper, called the "Relation", commenced publication in 1605 and survived for more than 70 years. It took many more years before newspapers started appearing in other countries.

In Malaysia, the first newspaper that was published was an English language newspaper, started in 1806 in Penang. It was published for the employees of the East India Company who were based on the island. The second newspaper which was published in 1824, in the then Straits Settlements and the Federated Malay Straits, was also an English language chronicle.

As the need to disseminate information grew, the first Malay language newspaper, "Jawi Peranakan", in Jawi script, was launched in 1876 at the same time as the first Indian language newspaper was started. The "Lat Pau" that commenced publication in 1881 was the pioneer Chinese newspaper in Malaysia.

Today, there are 37 newspaper titles published in Malaysia, covering all the languages, with the oldest surviving one being the "New Straits Times" which was first established in 1845. Utusan Melayu, which is now known as Utusan Melayu Mingguan, had its origins in Singapore 66 years ago (i.e. in 1939). The daily Utusan Malaysia was first published on 1st September, 1967 and the country's most read weekly newspaper, Mingguan Malaysia, was started on 30th August, 1964.

According to the World Association of Newspapers (WAN), there are currently more than 18,000 newspapers published in over 200 countries worldwide. For newspapers to have survived and expanded over 400 years is no mean feat. Even though newspapers have had and still have to face challenges such as ever increasing production and distribution costs and more recently the digital world, the industry has managed to survive.

From its humble beginnings, it has become a mass media form that has accompanied and highlighted the great social, economic and cultural upheavals around the world for four centuries. The fact

that it is tactile, portable, affordable and easy to read has in many ways contributed to its continuing success. It is estimated that over one billion people in the world read a newspaper each day, making it a medium to be reckoned with.

In Malaysia, Nielsen Media Research estimates that there are 7.29 million readers of newspapers as at end June 2005 and that this figure has grown by 27% over the four and a half years since the beginning of 2001 when the figures stood at 5.70 million readers.

Information and The New Generation

The newspaper has been imparting information and helping to shape public opinion for decades and still remains one of the most popular and credible information media forms. Notwithstanding this, one of the big challenges for newspaper publishers today is, to maintain this status.

The original newspapers had no competition for over three centuries and reigned supreme in their role as news providers. Today, newspapers not only have to compete with the radio, television and the internet but also with mobiles and other hands-free gadgets as the wireless world encroaches into every aspect of our lives. People today are much more mobile and have a wider choice of media from which to choose their news/obtain their information.

Globalisation has brought many new challenges and newspaper publishers need to realize that the population, especially the younger generation, still want their news and information but that they have a different set of expectations about the kind of news they will get including when and how they access it, where they get it from and from whom they get it.

Young people, the group that publishers need to nurture, are revolutionizing the way they access news. Observe teenagers today, they cannot live without the internet and mobile phones. They want control over their media instead of being controlled by it. They want their news on demand, when it suits them and where it suits them. Newspaper publishers/owners must be realistic enough to abandon what has not and will not work and be imaginative enough to find new ways of meeting their audiences' ever evolving need for information. Internet news and other digital versions provided now by many newspaper companies must be further enhanced and strengthened. For those people that now start their day by clicking onto a website or switching on their hand phone for news-on-demand, the information that publishers must provide must be more relevant, compelling news that appeals and caters to the daily needs of this new audience.

In this era of global media and global culture, newspaper publishers must embrace the digital delivery platform as fervently as they did print all those years ago. Print and digital versions should and can live amicably together. As Rupert Murdoch, the doyen of the newspaper world states, "newspaper companies have the experience, the brands, the resources and the know-how to deliver news both in print and via the electronic delivery platform". The challenge however is to deliver that news in ways consumers want to receive it and in a mode that generates business. As Mr. Murdoch says, "too many of us editors and reporters are out of touch with our readers". He continues by stating that "newspaper publishers have to free their minds of their prejudices and predispositions and start thinking like their newest customers".

Is the Newspaper Industry in Terminal Decline?

Many media commentators have suggested that newspapers will give way to digital media with higher speed and greater access. They believed after dominating the media landscape for 400 years, the newspaper industry is "struggling for survival", in "terminal decline" and so on. Gavin O'Reilly, President of the World Association of Newspapers commented in Seoul in May this year that it was somewhat ironic that "so many media commentators are still suggesting that the game is up for newspapers". Warren Buffet, a well known investor and newspaper owner (owns 18 per cent of Washington Post and Buffalo News) spoke publicly of his bleak opinion about the future of newspapers by saying that "the economics of newspapers in the United States are very close to certain to deteriorate over the next 10 to 12 years". When Tom Curley President and CEO of Associated Press (AP) commented that in future many people's main source of news could be their mobile phones, it can be assumed newspapers will face a problem. Consumers he said would demand immediate news via their portable sources such as palm pilots and even wrist watches. Are there truths in these comments? This raises important questions about the future of daily newspapers. Should publishers really worry?

Obviously the media landscape has changed dramatically and the newspaper industry is facing the greatest challenge in its history. Before the advent of the internet, newspapers were the leading content providers. The emergence of new technologies has made mobile content all the more attractive. New technology has allowed ordinary people to document extraordinary news events using mobile phones and digital cameras which are then flashed around the world in minutes.

It also appears that the internet has shifted the reading habits of the young people. As mentioned earlier, younger readers tend to shun newspapers and turn instead to the internet as their source of information. This is becoming even more evident with the advent of weblog which has established itself as an integral part of the media landscape. News can now be produced and disseminated through online means such as blogs. A blog can cover any topic at length that its creator wishes, from natural disasters to national politics and from management theory to popular eateries. The difference is that the blog reader can enter into a "dialogue" with the writer. Jeff Ooi's Screenshots is a good example of a popular Malaysian blog. Certain quarters consider blogging as a good example of "community journalism" and "participatory journalism". In the blogosphere "every citizen is a reporter", says Oh Yeon Ho, CEO/founder of South Korean based Ohmynews. The newspaper connected blog however has an advantage in that it can draw on the authority and respect of an established journalist. It becomes an opportunity, another channel for more news, with different angles, that the print version cannot carry.

Innovation and The Reach for New Readers

The demise of the newspapers as predicted by the media soothsayers over a decade ago, during the mad rush to set up dot com companies has not come true. Instead print has gone from strength to strength. Faced with the various challenges, many newspapers are showing a greater willingness than ever before to innovate and experiment with strategies to win new readers.

Many newspapers have changed their formats to satisfy readers' demand, have introduced new editorial approaches, converted to full colour, introduced new titles and are using new free "commuter" dailies to reach new reader groups, especially the younger generation. These newspapers have actually gone on the "attack" to make readers need them. And these strategies are working as evidenced in the revival of many mature newspaper markets. A recent WAN report on worldwide circulation figures indicates that total circulation of dailies worldwide grew 2.1% in year 2004 and that in Asia circulation sales increased by 4.1% in 2004 compared to the previous year. Newspaper sales in Malaysia grew by 4% during the same time period. There are now more newspapers being purchased than in the mid-1990s in Malaysia. Market research figures show that over 2.6 m copies of newspapers are sold on a daily basis in Malaysia compared to about 2.2 m copies in 1996.

Not only has circulation increased for these innovative newspaper companies but data shows that advertising revenue has

improved as well. Global newspaper advertising revenues saw their biggest increase in 2004 with figures rising by 5.3% over 2003. Similarly in Malaysia, newspaper ad revenue over the one year period grew by 12.9% to reach RM2.67 billion in 2004. This is almost a two fold increase compared to the RM1.41 billion ad revenue in 1996.

In Malaysia, newspapers still have the lion's share of the advertising revenue for all media. As at end June 2005, newspapers controlled almost 63% (RM1.37 billion) of the RM2.19 billion advertising revenue. Television, the second most popular media for advertisers, recorded a value of only RM610 million for the first 6 months of 2005.

It can be opinioned here that newspapers can have a strong future if they challenge established media orthodoxies and continue to revitalize their products. The introduction of tabloid sized papers such as The Times, and free commuter dailies in and around London for example, has actually reinvigorated the newspaper industry in the United Kingdom. Across Europe and the Americas, newspapers have started to adopt the tabloid size to meet the needs of their readers who want fast, concise, eye-catching and digestible content. On our own door step the New Straits Times took the bold initiative to become a tabloid this year after 160 years as a broadsheet.

Targeted Marketing

According to the World Association of Newspapers (WAN) there were 6,580 daily newspapers being published as at end 2004. The figures indicate that since year 2000, 290 new titles have been launched worldwide. These new titles are being launched either by existing newspaper companies or are being started by people who have extensive backgrounds with such companies.

At Utusan Melayu (Malaysia) Berhad, the launch of the daily KOSMO! newspaper on 31st August 2004, was based on the need to look for new revenue streams, to regain readers and improve market share of circulation and advertising. The newspaper is targeted at the younger generation and this is reflected in its content and layout that is more concise and digestible, featuring more lifestyle, entertainment, sports and "happenings" in the young adult world. The launch of KOSMO! Ahad on 2nd January, 2005 extended the reach of our new title and our brand in the local market.

Whilst traditionally, newspapers were aimed at general geographic readership, most newly launched newspapers are addressing specific demographics or niche markets within those larger geographic areas. Relevant local content has the power to increase readership as customers tend to feel that there is a benefit

in picking up such a title that focuses on what is going on, in and around their community.

Publishers of most new titles start out knowing a lot more about who their readers are unlike the pioneer publishers who had more difficulty in defining who their readers were and what interested them.

Marketing and distribution of most new newspapers are being targeted to specific groups as demographic data becomes more sophisticated and precise. The success of *The Edge* newspaper in Malaysia is a good example of a targeted niche product. A weekly paper, targeted at up market consumers and the business and corporate people, *The Edge* has grown from strength to strength over the past nine years. The newspaper now garners about RM35 million a year in advertising revenue compared to RM4 million when it first started.

It would seem that the future of the newspaper depends on the ability of the publisher to aggressively invest in the systems and data to intimately know their customers in their local environment, such as their family profiles, shopping habits, recreational needs and lifestyle. This level of local consumer knowledge pays dividends as it allows the newspaper to constantly revise and evolve products and services that match the consumer's needs. And perhaps more importantly, a consumer-centric database will allow the newspaper to tailor products and services to advertisers. Distribution of newspapers to demographically based target groups makes it easier to approach and attract advertisers.

While print as mentioned earlier, is still a tremendous advertising vehicle in this era of global media and global culture, the challenge is to bring the advertiser and the consumer together. Distributing directly to locations that are frequented by young people for example, coffee-cafes, music venues, eateries and university campuses helps to bridge this gap. Instead of the traditional model of the reader going to look for a newspaper at the newsagent, the newspaper of the future should go to its audience.

The Future

The media industry faces a challenging future. But despite arguments that newspapers will eventually give way to digital media, printed newspapers continue to demonstrate their resilience. In the case of Malaysia, the print media has indeed gone from strength to strength.

The industry knows that it cannot run away from globalization and the wireless world nor can it ignore the changing trends and challenging demands of the new generation of readers.

To remain relevant local newspapers have initiated innovations and changes in the last few years. They have introduced the digital version, launched new formats and introduced specialty products such as youth supplements and free publications, new titles, and adopted new editorial approaches. Many have also increased and improved their content and become more specialized (The Edge) while others have initiated better distribution and marketing to meet these new demands. To win new readers local newspapers have also undergone a redesign and a revamp to make it more attractive to readers and easier for them to find stories. Of late local newspapers are also making more room for photographs and colour.

The New Straits Times as mentioned earlier turned its broadsheet newspaper into tabloid format in April this year and as a result achieved greater circulation and advertising revenues. The Utusan group launched a new compact newspaper called KOSMO! in late August last year to rival Harian Metro and targeting younger readers.

Malaysian newspapers have also exploited opportunities provided by the internet by offering simple services such as news flashes and news brief on mobile devices. In future the main source of news for many people could be their mobile phones. This is one promising development for newspapers in future, an opportunity to combine with mobile technology.

Some newspapers across the world are already converting online users to subscription. The New York Times newspaper's online business is making serious money. The newspaper charges for some of its online content including its popular business and sports columns. Malaysian newspapers may one day consider doing the same provided they add value in the form of extended content and "blog dialogue" with their readers. Their e-newspapers are already available for a fee.

As the cost of raw materials has risen, newspapers have also had to make crucial changes to deep-rooted economics and infrastructures within companies such as changes in web width, outsourcing of printing, third party editorial content and faster printing facilities. This is strongly evidenced in the newspaper industry in Malaysia over the last decade where new major investments have been made to upgrade printing plants, marketing and editorial systems. The newspaper industry in Malaysia has not been complacent but has been actively embarking on new strategies to revitalize the business.

In order to survive and prosper in the future, these changes and innovations must be kept in a state of perpetual evolution. Newspapers in Malaysia do have a future if they accept and embrace the transformations that have and will continue to take place.